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ful that something will be done to help the freight rate structure as it exists in Montana, rather to make it more and more difficult by granting these rate increases periodically.

Mr. President, I have said more than enough on this matter up to this time. I have introduced a bill which would seek to place a demurrage rate of \$100 a day on freight cars held by railroads not owning them beyond the usual 48-hour limit. I have gotten nowhere with that proposed legislation.

The message apparently was not getting through. So I have made the suggestion that if the ICC cannot deal with the situation, it should be abolished and its activities transferred, in whole or in part, to the Department of Transportation. There, under the Secretaryship of John H. Volpe, I am quite sure that some consideration would be given to this situation which has become a perennial problem.

I am hopeful that this latest increase request coming within less than 2 months after a 5-percent increase, which followed on the heels of a 6-percent increase, will be denied and that the economy of the wheatgrower, and the lumber industry will be preserved and given the kind of protection it needs within this country.

Mr. HANSEN. Mr. President, will the Senator yield?

Mr. MANSFIELD. I am delighted to yield.

Mr. HANSEN. Mr. President, I compliment the distinguished majority leader for his usual perception in noting turns in events which can pose real economic hardship on our part of the Rocky Mountain west.

I have joined with the distinguished Senator in appealing to the Interstate Commerce Commission for relief from a practice long engaged in by eastern railroads whereby they gobble up the boxcars and the freight cars belonging to western lines and pay only a pittance of what it is costing those lines to have those cars rolling on the tracks, and thereby make it more difficult for our western lines to haul as cheaply as would otherwise be possible these products that are so important and essential to the economy of the States of Montana and Wyoming and all that great livestock, lumber, and grain producing area of the Northwest.

I have not had an opportunity to study—as I assure the distinguished Senator I will be doing—the facets of this most recent order; but I certainly want to join him in saying that I know full well that the increased difficulty that he cites as following in the wake of this increase in rates will be visited upon the lumber industry in my State of Wyoming, also. It will affect our grain growers. In the fall, when we start harvesting sugar beets, I suspect that we will find a recurrence of the kind of beet-car shortage that we have experienced for the last several years.

I assure the distinguished Senator that I will be happy to do anything I can to help alleviate some of these problems and thereby make unnecessary further increases in freight rates.

Mr. MANSFIELD. Mr. President, I am

THE EASTERN AND WESTERN RAILROADS REQUEST FREIGHT RATE INCREASE

Mr. MANSFIELD. Mr. President, the news that the eastern and western railroads are seeking a 15-percent freight rate increase is depressing, saddening, and could be disastrous to the grain producers and growers in Montana as well as to the lumber industry as a whole. After taking a 5-percent rail freight increase only 2 months ago that hiked the per-car cost of shipping by some \$60, western lumbermen—I am speaking especially of the lumbermen of Montana—may be at loggerheads soon with a 15-percent increase which they contend—and I agree with them—will further reduce the ability to compete in eastern United States markets.

It appears to me that something must be done. To that end, together with other members of the Montana Congressional Delegation, I have dispatched a letter to the President of the United States asking him to look into this matter, so that the ICC will not give its usual pro forma consideration to this request granting it routinely.

I have directed a letter as well to the chairman of the Committee on Commerce, asking that his committee look into this particular proposal. I am hope-

delighted that the distinguished Senator from Wyoming has entered this discussion. As I have said many times, he has been a leader in protecting the interests of our part of the country. What he has said today is very true.

He mentioned the grain producers, the grain growers, the lumber industry, and the sugar beet industry. Sugar beets will be coming to harvest within the next month or so, depending on the weather. This matter will affect that industry quite dramatically. The Senator has also mentioned its effect on the cattle industry as well.

In other words, our part of the country happens to be an orphan so far as freight rate consideration is concerned. We are always on the receiving end of these increases plowed one on top of the other. The process has upset tremendously our economic development. It has imposed an unfair burden upon the people of our part of the Nation, making it more difficult to survive because of the increased costs which follow increased freight rates.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a news story published in the Great Falls, Mont., Tribune of August 24, 1970, entitled "Freight Rate Hike Would Cut Lumbermen's Ability To Compete."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A 15-PERCENT INCREASE ON WESTERN RAILROAD SHIPPING: FREIGHT RATE HIKE WOULD CUT LUMBERMEN'S ABILITY TO COMPETE

(By Ralph Pomnichowski)

After taking a 5 per cent rail freight increase only two months ago that hiked the per car cost of shipping by some \$60, western lumbermen may be at loggerheads soon with a 15 per cent increase they contend will further reduce the ability to compete in eastern U.S. markets.

It was announced last week in Chicago that eastern and western railroads have agreed to move ahead with a 15 per cent across-the-board freight increase petition to be filed with the Interstate Commerce Commission about Sept. 1.

The St. Regis Forest Products Division in Libby, as well as other western Montana forest products manufacturers, would be affected by a rate hike, said Fred Shinkle, Tacoma, assistant regional transportation manager.

Shinkle pointed out that any increases by rail carriers eventually will be charged to the consumer. Moreover, he said, an increase will put western lumbermen at a further disadvantage of competition with southern U.S. lumber producers, who now pay a lower rate than their western counterparts.

"As a matter of principle, of course, we're against anything that would increase costs," Shinkle said, adding that the entire western industry is united in opposition to the percentage increases.

Percentage increases place an unfair burden on western lumbermen because any increase means a larger dollar charge to them than to the southern producers, Shinkle said. "For instance," he said, "if their rate to New York is \$1 and ours is \$2, then we increase 12 cents on a 6 per cent increase, while they increase only 6 cents per hundredweight."

It costs the same to ship lumber to the eastern railroad sector from Tacoma as it does from Libby, Shinkle noted. The sector area is from Indiana east and generally north of the Ohio River, he said.

The last increase of 5 per cent, he said, boosted the per-hundredweight rate from \$1.60 to \$1.68. Since the average car loading is about 75,000 pounds, the increase amounted to \$60 per car.

The Libby plant, he said, ships 20-25 rail cars of lumber per day in addition to 8-10 cars of wood chips bought by the Hoerner-Waldorf plant in Missoula.

As general practice, he said, lumber shipments are sent collect, but the freight cost is reflected in the total cost of the product.

Some St. Regis products are shipped by truck, he said, but truck rates are slightly higher than rail charges and have generally kept pace with rail hikes.

Rail rates are lower in Canada, he pointed out, but not very much has been shipped in that manner by St. Regis.

Southern mills enjoy a basic lower rail rate to the eastern and midwest markets, he said, and within the southern states, western trade influence is nil.

Another facet of the problem, he said, is that competitive materials such as steel, plastic and cement will make further inroads into building preference for wood if the retail price continues to climb for lumber as the result of rail freight price increases.

Freight rates to the midwest and southeast, he said, are lower than for the eastern sector.

He pointed out, the rail rate has increased 27 cents per hundredweight over the past three years. In 1967, the per-car cost of transportation at 75,000 pounds would have been about \$1,057. It now is about \$1,250 and could grow to almost \$1,500 if another increase does amount to 15 per cent.

The most recent increase, Bob Barnes, Libby, traffic manager said, did not increase lumber prices in Montana appreciably. The company's shipments of wood chips to the Missoula area plant, he noted, come under a slightly different rate schedule because the cars go to Missoula via Sandpoint, Idaho, crossing a state line. More lumber and studs are shipped out of state than plywood, he added.

Nationwide, Barnes said, the lumber market has been slower than usual, partially because of the "tight money" situation that makes it somewhat more difficult for persons to secure new home loans.

The Western Wood Products Association, Portland, which counts St. Regis among its members, issued a letter last May commenting on the differences between consideration shown by Canadian and U.S. rail carriers to the marketing needs of their lumber customers.

WWPA's transportation manager, James G. Manning, said that, "Agreement was reached between representatives of the British Columbia and Alberta forest products industry and the Canadian railroads to publish a new level of rail rates on forest products from all British Columbia and Alberta shipping points to destinations in eastern Canada.

"The published rate . . . from Vancouver, B.C., to Windsor, Ontario, is \$1.38 per hundredweight. The comparable U.S. rate from Portland to Detroit . . . is \$1.60 per hundredweight on the blanket rate. Our initial reaction to this development of rate reductions in Canada is that it appears the Canadian railroads are more receptive to the needs of their lumber shippers than are the U.S. lines.

"Another feature to be considered in the use of these border (rate) combinations is the Canadian-U.S. currency exchange factor. A shipment billed from British Columbia to Windsor . . . and then re-billed beyond can have the Canadian portion of the freight paid in Canadian funds. The currency rate of exchange then of 7 $\frac{3}{4}$ per cent will produce another 10.69 cents per hundredweight saving for the Canadian product.

"The example of rate disparity outlined above," Manning wrote, "illustrates what happens when the U.S. lines continue to seek

percentage freight rate increases without any regard to the competitive effect on their shippers. Even more alarming is what is apparently in store for our mills. It is our understanding (last May) that the Canadian lines are very near to approving a new level of rates applying to eastern Canada that will further drastically reduce the present level.

"It will be a sad commentary on U.S. railroad rate-making when the day arrives that lumber producers in the State of Washington, for example, and able to barge or truck shipment to western Canada to obtain a better freight rate to eastern U.S. points than they would have by shipping the entire distance by U.S. lines."